# MUNICIPAL POTASH TAX SHARING ADMINISTRATION BOARD

## FINANCIAL STATEMENTS

For the Year Ended December 31, 2004

**Provincial Auditor Saskatchewan**

1500 Chateau Tower
1920 Broad Street
Regina, Saskatchewan
S4P 3V7

SASKATCHEWAN

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April 1, 2005

The Honourable L. Taylor
Minister of Government Relations
Room 315, Legislative Building
REGINA, Saskatchewan
S4S 0B3

Dear Sir:

**Re: Municipal Potash Tax Sharing Administration Board**
**Financial Statements**

We enclose the financial statements of the Municipal Potash Tax Sharing Administration Board for the year ended December 31, 2004 and our report on these financial statements.

Yours truly,

Fred Wendel, CMA, CA
Provincial Auditor

/ce
Enclosure

cc: The Honourable H. Van Mulligen, Chair, Treasury Board
Mr. R. Styles, Secretary, Treasury Board
Mr. T. Paton, Provincial Comptroller, Department of Finance
Mr. N. Hardy, Chair, Municipal Potash Tax Sharing Administration Board
Mr. K. Engel, Secretary/Treasurer, Municipal Potash Tax Sharing Administration Board

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105-04358/

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Municipal Potash Tax Sharing Administration Board as at December 31, 2004 and the statement of operations and net assets for the year then ended. The Board is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Municipal Potash Tax Sharing Administration Board as at December 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
March 4, 2005

Fred Wendel, CMA, CA
Provincial Auditor

**Statement 1**

# Municipal Potash Tax Sharing Administration Board
## Statement of Financial Position
## As at December 31

| | 2004 | 2003 |
|---|---|---|
| **Financial Assets** | | |
| Cash | $ 13,401 | $ 15,375 |
| Accounts Receivable | 406,901 | - |
| Total financial assets | $ 420,302 | $ 15,375 |
| **Liabilities** | | |
| Accounts Payable | $ 406,288 | $ - |
| Total liabilities | 406,288 | - |
| **Net Financial Assets** - (Statement 2) | $ 14,014 | $ 15,375 |

(See accompanying notes to the financial statements)

# Municipal Potash Tax Sharing Administration Board
## Statement of Operations and Net Financial Assets
## For the Year Ended December 31

| | | | 2004 | 2003 |
|---|---|---|---|---|
| **Revenue:** | | | | |
| Municipal taxes received from rural municipalities (Note 6) | | | $ 6,569,513 | $ 6,231,108 |
| Less: Tax sharing distributions (Schedule 1) | | | | |
| Areas of Influence | Rural | Urban | | |
| Saskatoon Lanigan | $ 3,391,492 | $ 376,832 | 3,768,324 | 3,588,124 |
| Esterhazy | 2,146,532 | 238,503 | 2,385,035 | 2,256,466 |
| Pense | 365,660 | 40,629 | 406,289 | 377,172 |
| | $ 5,903,684 | $ 655,964 | 6,559,648 | 6,221,762 |
| Revenue held for general administration (Note 5) | | | 9,865 | 9,346 |
| **Expenditures:** | | | | |
| Office facilities - Saskatchewan Association of Rural Municipalities | | | 6,000 | 6,000 |
| Secretary-Treasurer's Honorarium | | | 4,375 | 4,375 |
| Board members' allowances: | | | | |
| Per diem | | | 650 | 775 |
| Mileage | | | - | 865 |
| Sustenance | | | - | 253 |
| Insurance | | | 200 | 150 |
| Bank Charges | | | 1 | 2 |
| | | | 11,226 | 12,420 |
| **(Deficit) for the year** | | | (1,361) | (3,074) |
| **Net financial assets, beginning of year** | | | 15,375 | 18,449 |
| **Net financial assets, end of year - to Statement 1** | | | $ 14,014 | $ 15,375 |

(See accompanying notes to the financial statements)

**MUNICIPAL POTASH TAX SHARING ADMINISTRATION BOARD**
**NOTES TO THE FINANCIAL STATEMENTS**
**December 31, 2004**

## 1. Authority

The Municipal Potash Tax Sharing Administration Board (Board) was established under Section 3 of *The Municipal Tax Sharing (Potash) Act* (Act). Under provisions of the Act, taxes levied by rural municipalities on potash mines are remitted to the Board. The Board administers the tax sharing program established under the Act. Disbursements to municipalities, located within the areas of influence of a potash development, are made on the basis of formulae prescribed in regulations to the Act.

## 2. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles.

## 3. Financial Instruments

The following paragraphs describe the significant aspects of the Board's financial instruments. A financial instrument is any contract that gives rise to both a financial asset of one party and a financial liability or equity instrument of another party. Accounts receivable and accounts payable are the Board's financial instruments.

a) Significant Terms and Conditions

There are no significant terms and conditions associated with the financial instruments that may affect the amount, timing, and certainty of future cash flows.

b) Interest Rate Risk

There is no interest rate risk associated with accounts receivable or accounts payable.

c) Credit Risk

The Board is exposed to credit risk from potential non-payment of accounts receivable. The Board's one receivable is from one of the rural municipalities. The risk of non payment of this receivable is low because the Board will not pay grant money for this area until the municipality pays the amounts due to the Board.

d) Fair Value

For accounts receivable and accounts payable, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

## 4. Cash Flow Statement

A cash flow statement has not been provided since cash flow information is readily apparent from the other financial statements.

## 5. Administration Costs

The regulations permit the Board to withhold up to 0.5% of taxes received, to a maximum of $25,000, for the general administration of the Board. During the year, the Board withheld 0.15% of taxes received totalling $9,865.

## 6. Municipal Taxes Received From Rural Municipalities

| Municipality | RM# | Budget 2004 | Actual 2004 | Actual 2003 |
|---|---|---|---|---|
| Rocanville | 151 | $ 850,790 | $ 850,790 | $ 775,732 |
| Spy Hill | 152 | 745,379 | 745,379 | 726,182 |
| Pense | 160 | 411,227 | 406,902 | 377,738 |
| Langenburg | 181 | 792,449 | 792,449 | 757,943 |
| Usborne | 310 | 1,084,522 | 1,061,924 | 1,031,328 |
| Colonsay | 342 | 682,314 | 649,563 | 612,631 |
| Blucher | 343 | 635,815 | 635,812 | 631,193 |
| Corman Park | 344 | 603,921 | 597,626 | 547,379 |
| Vanscoy | 345 | 837,797 | 829,068 | 770,982 |
| | | $ 6,644,214 | $ 6,569,513 | $ 6,231,108 |

## 7. Budget

The budgeted amounts disclosed in these statements are those approved by the Municipal Potash Tax Sharing Administration Board.

# Municipal Potash Tax Sharing Administration Board

## Schedule of Tax Sharing Distributions Made to Municipalities
## For the Year Ended December 31

| | | Budget 2004 | Actual 2004 | Actual 2003 |
|---|---|---|---|---|
| **Saskatoon/Lanigan Area** | | | | |
| ***Rural Municipalities*** | | | | |
| 279 | Mount Hope | $ 638 | $ 639 | $ 596 |
| 280 | Wreford | 27,463 | 28,059 | 25,121 |
| 281 | Wood Creek | 2,450 | 2,261 | 2,482 |
| 283 | Rosedale | 1,343 | 1,309 | 1,242 |
| 309 | Prairie Rose | 60,474 | 58,913 | 58,199 |
| 310 | Usborne | 292,548 | 285,071 | 279,134 |
| 312 | Morris | 189,999 | 185,284 | 182,766 |
| 313 | Lost River | 131,254 | 127,900 | 122,186 |
| 314 | Dundurn | 124,885 | 121,661 | 120,492 |
| 315 | Montrose | 129,982 | 127,065 | 115,317 |
| 316 | Harris | 25,884 | 24,535 | 25,853 |
| 339 | Leroy | 38,182 | 37,197 | 36,719 |
| 340 | Wolverine | 235,998 | 229,909 | 227,111 |
| 341 | Viscount | 258,636 | 252,137 | 226,328 |
| 342 | Colonsay | 264,111 | 257,218 | 254,166 |
| 343 | Blucher | 369,199 | 364,629 | 352,331 |
| 344 | Corman Park | 470,087 | 453,563 | 455,697 |
| 345 | Vanscoy | 521,067 | 534,235 | 448,388 |
| 346 | Perdue | 102,376 | 99,734 | 98,635 |
| 371 | Bayne | 25,909 | 25,240 | 24,928 |
| 372 | Grant | 51,162 | 49,618 | 49,316 |
| 373 | Aberdeen | 114,030 | 108,691 | 105,884 |
| 376 | Eagle Creek | 17,065 | 16,624 | 16,421 |
| | | 3,454,742 | 3,391,492 | 3,229,312 |
| ***Urban Municipalities*** | | | | |
| Town of Aberdeen | | 7,519 | 7,381 | 7,028 |
| Town of Allan | | 38,243 | 37,543 | 35,746 |
| Town of Asquith | | 8,082 | 7,934 | 7,554 |
| Village of Bradwell | | 8,786 | 8,625 | 8,213 |
| Village of Clavet | | 20,107 | 19,739 | 18,794 |
| Town of Colonsay | | 23,994 | 23,554 | 22,427 |
| Town of Dalmeny | | 18,375 | 18,039 | 17,175 |
| Town of Delisle | | 49,790 | 48,877 | 46,538 |
| Village of Drake | | 3,492 | 3,428 | 3,264 |
| Village of Elstow | | 5,463 | 5,363 | 5,107 |
| Village of Guernsey | | 6,083 | 5,971 | 5,686 |
| Village of Kinley | | 563 | 553 | 526 |
| Town of Langham | | 15,109 | 14,832 | 14,122 |
| Town of Lanigan | | 64,462 | 63,281 | 60,252 |

# Municipal Potash Tax Sharing Administration Board

## Schedule of Tax Sharing Distributions Made to Municipalities
## For the Year Ended December 31

| | Budget 2004 | Actual 2004 | Actual 2003 |
|---|---|---|---|
| **Saskatoon/Lanigan Area** | | | |
| ***Urban Municipalities*** | | | |
| RM of Usborne #310 | 314 | 314 | 314 |
| Town of Martensville | 17,770 | 17,444 | 16,609 |
| Village of Meacham | 1,267 | 1,244 | 1,185 |
| Village of Perdue | 5,238 | 5,142 | 4,896 |
| Village of Plunkett | 1,056 | 1,037 | 987 |
| Village of Vanscoy | 19,431 | 19,075 | 18,162 |
| Village of Viscount | 15,320 | 15,039 | 14,319 |
| Town of Vonda | 4,534 | 4,451 | 4,238 |
| Town of Warman | 22,262 | 21,854 | 20,808 |
| Town of Watrous | 20,137 | 19,767 | 18,821 |
| Village of Young | 4,210 | 4,133 | 3,935 |
| Village of Zelma | 2,253 | 2,212 | 2,106 |
| | 383,860 | 376,832 | 358,812 |
| | 3,838,602 | 3,768,324 | 3,588,124 |
| **Esterhazy Area** | | | |
| ***Rural Municipalities*** | | | |
| 121 Moosomin | 60,200 | 60,200 | 55,823 |
| 122 Martin | 18,391 | 18,391 | 17,389 |
| 151 Rocanville | 409,326 | 409,326 | 386,116 |
| 152 Spy Hill | 582,389 | 582,389 | 552,317 |
| 153 Willowdale | 47,429 | 47,429 | 45,057 |
| 181 Langenburg | 451,633 | 451,633 | 429,383 |
| 183 Fertile Belt | 360,669 | 360,669 | 339,062 |
| 211 Churchbridge | 124,684 | 124,684 | 118,270 |
| 213 Saltcoats | 91,811 | 91,811 | 87,403 |
| | 2,146,532 | 2,146,532 | 2,030,820 |
| ***Urban Municipalities*** | | | |
| Village of Atwater | 460 | 460 | 435 |
| Village of Bangor | 736 | 736 | 696 |
| Town of Bredenbury | 5,426 | 5,426 | 5,133 |
| Town of Churchbridge | 12,200 | 12,200 | 11,543 |
| Town of Esterhazy | 102,629 | 102,629 | 97,097 |
| Village of Gerald | 9,748 | 9,748 | 9,222 |
| Town of Langenburg | 16,155 | 16,155 | 15,284 |
| Town of Rocanville | 54,380 | 54,380 | 51,449 |

# Municipal Potash Tax Sharing Administration Board

## Schedule of Tax Sharing Distributions Made to Municipalities
## For the Year Ended December 31

| | Budget 2004 | Actual 2004 | Actual 2003 |
|---|---|---|---|
| **Esterhazy Area** | | | |
| ***Urban Municipalities*** | | | |
| Village of Spy Hill | 13,058 | 13,058 | 12,355 |
| Village of Stockholm | 4,644 | 4,644 | 4,394 |
| Village of Tantallon | 6,744 | 6,744 | 6,380 |
| Village of Welwyn | 6,621 | 6,621 | 6,264 |
| Village of Yarbo | 5,702 | 5,702 | 5,394 |
| | 238,503 | 238,503 | 225,646 |
| | 2,385,035 | 2,385,035 | 2,256,466 |
| **Pense Area** | | | |
| ***Rural Municipalities*** | | | |
| 129 Bratt's Lake | 2,280 | 2,266 | 2,077 |
| 130 Redburn | 43,276 | 42,159 | 40,697 |
| 131 Baildon | 17,715 | 18,228 | 14,932 |
| 159 Sherwood | 31,287 | 30,122 | 30,222 |
| 160 Pense | 160,652 | 160,715 | 144,434 |
| 161 Moose Jaw | 77,867 | 76,024 | 73,765 |
| 189 Lumsden | 9,323 | 9,631 | 8,295 |
| 190 Dufferin | 19,058 | 18,633 | 17,680 |
| 191 Marquis | 8,092 | 7,882 | 7,353 |
| | 369,550 | 365,660 | 339,455 |
| ***Urban Municipalities*** | | | |
| Village of Belle Plaine | 3,066 | 3,034 | 2,816 |
| Village of Bethune | 4,161 | 4,117 | 3,822 |
| Village of Briercrest | 1,237 | 1,224 | 1,137 |
| Village of Disley | 679 | 672 | 624 |
| Village of Drinkwater | 3,504 | 3,467 | 3,218 |
| Village of Grand Coulee | 4,007 | 3,965 | 3,681 |
| Village of Pense | 23,345 | 23,099 | 21,443 |
| Village of Tuxford | 1,062 | 1,051 | 976 |
| | 41,061 | 40,629 | 37,717 |
| | 410,611 | 406,289 | 377,172 |
| Total tax sharing - to Statement 2 | $ 6,634,248 | $ 6,559,648 | $ 6,221,762 |